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Congress of the United States

House of Representatives

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February 10, 2000

The Honorable June Gibbs Brown
Inspector General
Department of Health and Human Services
330 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Ms. Brown:

I write regarding the recent revelation that the Centers for Disease Control and Prevention ("CDC") once again diverted funds from a program on which the CDC told Congress it was spending a specific amount. I am referring to the hantavirus program, on which the CDC reported it spent \$7.5 million annually. Your office published a May 10, 1999, audit report on costs charged to the Chronic Fatigue Syndrome ("CFS") project, finding that, "the CDC spent significant portions of CFS funds on the costs of other programs and activities unrelated to CFS and failed to adequately document the relevance of other costs charged to the CFS program." The hantavirus and CFS cases are strikingly similar and suggest a pattern of abuse at the CDC. The House Committee on Government Reform, under Rule X of the Rules of the House of Representatives, has general oversight responsibility for the economy and efficiency of all federal programs and activities. As such, the diversion of funds and lack of proper accounting at the CDC concern me.

The CDC budget is over \$ 2.9 billion, yet it appears that there is no oversight of its accounting procedures. Two recent *Washington Post* articles on February 2 and 3, 2000, recount problems at the CDC such as late budgets, fund swapping between programs, and an inability to track spending on programs. The audit report issued by your office on May 10, 1999, while addressing the handling of direct and indirect costs at the CDC, did not address the possibility of a more widespread problem. The head of one CDC program stated that the agency budget "is almost unfathomable," and that "no one can tell us what our balance is day to day." The *Washington Post* article indicates that your auditors were aware of these overall problems at the time your office conducted the review of the CFS program, yet Congress was never notified, and apparently nothing was done to correct the inefficiencies.

The Committee wants to ensure that the funds appropriated to the CDC are allocated and spent in an efficient manner and in accordance with the expectations of Congress. As you

indicated in your report on the CSF program, government regulations require the CDC to maintain financial management systems and the related internal and management controls that:

... provide complete, reliable, consistent, timely and useful financial management information on Federal Government operations to enable central management agencies, individual operating agencies, divisions, bureaus and other subunits to carry out their fiduciary responsibilities; deter fraud, waste, and abuse of Federal Government resources; and facilitate efficient and effective delivery of programs.

The recent media reports indicate that these requirements are not being met. The facts of the case indicate that either the CDC is not straightforward when it comes to Congress with its specific programmatic needs, or its accounting and budget processes are not adequate. Either option is unacceptable.

I have reviewed both your most recent Semiannual report to Congress and the OIG report on the top management problems and have found that the CDC is not mentioned. CDC has a very large budget and an important responsibility to the citizens of our nation. We cannot tolerate any inefficiency or possible abuse at an agency that is so important to our nation's health. I am requesting that the OIG review the accounting and budgeting practices at the CDC.

We are considering whether to hold hearings on this issue and would appreciate your cooperation and assistance. Please have your staff contact Kristi L. Remington of the Committee staff at (202) 225-5074 by February 25, 2000, to discuss this matter.

Sincerely,



Dan Burton
Chairman

cc: The Honorable Donna Shalala
Jeffrey P. Koplan, M.D., M.P.H.